Appropriations Committee
Public Hearing
Friday, March 25, 2022

SB399 AAC The Tobacco Settlement Trust Fund And The Sale Of Tobacco Products

My name is Jim Williams, and I am the Government Relations Director for the American Heart Association in CT. The American Heart Association (AHA) is the nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke. Our mission is to be a relentless force for a world of longer, healthier lives, and we take our mission very seriously here in CT. I would like to thank the leadership and members of the Appropriations Committee for providing me with the opportunity to provide comment on this bill, which we would very much like to support but feel does not go far enough. To do so, I would like to first share a quote from our former CT Attorney General, now our senior US Senator, Richard Blumenthal:

"*CT's handling of tobacco revenue has been a moral and social failure*."

According to the CDC, cigarette smoking remains the leading cause of preventable death in the US. To be clear, **Connecticut has not dedicated state funds to our state tobacco prevention and cessation programs since Fiscal Year 2015**. The 2018 budget completely eliminated the language that transferred money to the Tobacco and Health Trust Fund, which was the sole source of state tobacco prevention funding. While we are pleased that this bill provides $4M annually, and it could be argued creates a pathway for up to $12M annually, that funding ceiling seems to be far from guaranteed.

The CDC recommends that CT spend $32M annually on tobacco control. We strongly urge the legislature to ***at least*** begin re-funding this important program with a minimal annual investment of $12M. CT has not in any serious way funded tobacco control since 2015, and yet it receives an estimated $373M in annual tobacco revenue and an additional +$100M annually (in perpetuity) from the 1998 tobacco Master Settlement Agreement.[1] **Thus, the funding stream to properly fund this bill already exists.** Appropriately funded, sustained tobacco control is by far the best tool in the state's toolbox in preventing kids from becoming lifelong tobacco product users, and in helping those currently addicted, to quit. In the long run, this will save lives, and the state money in terms of the cost that it bears in treating tobacco related disease.

The Devil Is Always in The Details

I believe the honest intent of this bill is to provide $12M in annual tobacco control funding.

The Public Health Committee recently passed a bill (HB5364) with almost identical language to this one. The leadership of that committee stated during their bill's hearing, and during the committee vote on the bill, which passed with overwhelming bi-partisan support with a vote of 31-1, that there was indeed $12M in annual funding in the bill.

Additionally, earlier versions of this bill in the Appropriations Committee made it clear that there was to be $12M in annual tobacco control funding. The Democrat bill (HB5078) had 42 Co-Sponsors. A Republican version, although without an actual suggested funding amount, had over 15 Co-Sponsors. Properly funding sustained tobacco control is a popular bi-partisan priority.

With regards to this bill that I am testifying on today, it is important to closely read the language, because at first glance, it is not very clear. What does become clear after thoroughly reading the bill, however, is that is does not really provide $12M in guaranteed sustained funding, and that funding beyond $4M may simply be left up to the political whim of various bodies.

- Lines 9&10 provides for the $4M transfer from the Tobacco Settlement Fund to the Tobacco and Health Trust Fund. If there are any monies remaining in the Tobacco Settlement, then the remainder may be sent to the Tobacco & Health Trust Fund (up to $12M annually). Two points to make: 1). The Tobacco Settlement Fund receives over $100M every single year in perpetuity. Additionally, the state rakes in over $373M every year in tobacco sales revenue. That is +$473M every year that we benefit from addiction to tobacco products. The amount of guaranteed annual investment in tobacco control should be at least $12M. 2). The pathway to getting more than $4M annually depends on there being a "remainder to the Tobacco & Health Trust Fund." In the past, since the fund's inception, these monies have simply been swept back into the General Fund over 80 times to fund other areas. It is hard to imagine a true pathway here beyond the $4M.
- Lines 15 thru 20 allows funding in the Tobacco & Health Trust Fund to be spent on not only tobacco control, but also much broader areas such as "substance abuse" (opioids, marijuana, additional substances?), but also "unmet physical and mental health needs in the state."
- Lines 81-88 states that the Board of Trustees "*may*" recommend authorizations up to but not beyond $12M." The word "*may*" suggest that the decision to fund tobacco control "*may not*" happen as well.
- Lines 95-102 requires the Board of Trustees to submit recommendations to the Public Health Committee, and the Appropriations Committee, who then can "approve, modify, or reject" those recommendations.

Assuming the committee's intent is indeed to fund tobacco control with $12M in sustained annual funding, I would strongly recommend making that clearer in the bill.

Some History

In 1998, the four largest U.S. tobacco companies and the AGs of 46 states signed the "Tobacco Master Settlement Agreement" (MSA), settling the states' Medicaid lawsuits against the tobacco industry for recovery of their tobacco-related health care costs. Under the agreement states received up-front payments of $12.74B with the promise of an additional $206B over the next 25 years. Payments continue and are made annually to states, including CT, in perpetuity.

What was intended to happen is that states would use MSA and/or tobacco tax revenue to fully fund tobacco control programs that follow CDC best practices. That funding should go towards such things as

community and statewide programs to reduce tobacco use, cessation programs, counter marketing efforts, including paid broadcast and print media, media advocacy, public relations, public education, and health promotion activities, surveillance and evaluation, and administration and management.

Unfortunately, CT has failed miserably to do so. Revenue from the MSA and tobacco taxes continues to flow toward other parts of the state budget even though state tobacco control program expenditures have been shown to be independently associated with overall reductions in smoking prevalence.[2]

State Tobacco Prevention and Cessation Programs Save Money

- States that offer comprehensive smoking cessation therapy to their employees in their public health programs or in their tobacco control programs can save $1.10-$1.40 in health care expenditures and productivity for every dollar spent.[3]
- It has been proven that Cost savings is the result from established state tobacco prevention and cessation programs. A recent American Journal of Public Health study found that for every dollar spent by Washington State's tobacco prevention and control program between 2000 and 2009, more than five dollars were saved by reducing hospitalizations for heart disease, stroke, respiratory disease and cancer caused by tobacco use.[4]
- A 2013 study published in PLOS ONE found between 1989 and 2008 CA's tobacco control program reduced health care costs by $134B, far more than the $2.4B spent on the program. Researchers attribute these savings to reductions in smoking rates and cigarette consumption per smoker, generating significant savings in health care expenditures.[5]
- A study of AZ's tobacco prevention program found that the cumulative effect of the program was a savings of $2.3B between 1996 and 2004, which amounted to about ten times the cost of the program over the same period of time.[6]

The Human Toll Associated With Tobacco Use In CT

- 4,900 CT adults die each year from their own smoking. In fact, smoking kills more people than alcohol, AIDS, car crashes, illegal drugs, murders, and suicides combined.[7]
- 76,000 kids now under 18 and alive in CT will ultimately die prematurely from smoking.[7]
- 440 CT adult nonsmokers die each year from exposure to secondhand smoke.[7]

The Financial Burden of Tobacco Use In CT

- $2.03B annual health care costs in CT directly caused by smoking.[7]
- $520.8M portion covered by the state Medicaid program.[7]
- $920 per household for residents' state and federal tax burden from smoking-caused government expenditures.[7]

Now is the right time to aggressively fund our state's tobacco prevention program. Our neighbors and loved ones deserve nothing less. Please support all efforts to do so.

Sincerely,

Jim Williams
American Heart Association
Government Relations Director- CT
James.williams@heart.org

1Campaign for Tobacco-Free Kids, Broken Promises to Our Children: a State-by-State Look. Found at https://www.tobaccofreekids.org/what-we-do/us/statereport/connecticut and accessed on 2/23/2022.

2Farrelly MC, et al. The impact of tobacco control programs on adult smoking. Am J Public Health. 2008;98(2):304-309.

3Land T, et al. A Longitudinal Study of Medicaid Coverage for Tobacco Dependence Treatments in Massachusetts and Associated Decreases in Hospitalizations for Cardiovascular Disease. PLoS Med. 2010; 7(12): e1000375.

4Dilley, Julia A., et al., "Program, Policy and Price Interventions for Tobacco Control: Quantifying the Return on Investment of a State Tobacco Control Program," *American Journal of Public Health*, Published online ahead of print December 15, 2011. See also, Washington State Department of Health, Tobacco Prevention and Control Program, News release, "Thousands of lives saved due to tobacco prevention and control program," November 17, 2010,
http://www.doh.wa.gov/Publicat/2010_news/10-183.htm.

5Lightwood, J and Glantz SA, "The Effect of the California Tobacco Control Program on Smoking Prevalence, Cigarette Consumption, and Healthcare
Costs: 1989-2008," *PLOS ONE* 8(2), February 2013.

6Lightwood, JM et al., "Effect of the Arizona Tobacco Control Program on Cigarette Consumption and Healthcare Expenditures," *Social Science and*
Medicine 72(2), January 2011.

7CT Department of Public Health, accessed at https://portal.ct.gov/DPH/Health-Education-Management--Surveillance/Tobacco/Costs--Consequences on 2/26/2021.